

**EPF response - Call for feedback by the Platform on Sustainable Finance on the draft report on preliminary recommendations for technical screening criteria for the EU taxonomy**

The European Panel Federation (EPF) warmly welcomes the possibility to provide a feedback on the Platform on Sustainable Finance draft report on preliminary recommendations for technical screening criteria for the EU taxonomy. EPF believes indeed that sustainable finance ought to play an important role in achieving the objectives of the Green Deal, implementing the Bioeconomy Strategy, supporting the transition towards a resource efficient, sustainable circular economy, and fostering a green, digital and resilient recovery on the path to net neutrality by 2050. In this respect, EPF asks the Platform on Sustainable Finance to consider the following points when finalising its recommendations on the TSCs for the EU Taxonomy:

### **1.3 Forestry logging**

The criteria covering the production of timber and related forestry operations is essential given the necessity to foster carbon removals by increasing forest sinks and sustainably sourced long-lived harvested wood-products. When considering gathering and production of wood for energy, it is important to be in full compliance with the enhanced sustainability criteria under the revised RED II and the ambitions of the New EU Forest Strategy for 2030 to ensure that the cascading principle and the respect of the waste hierarchy is properly implemented for building a sustainable, circular and climate-neutral economy while optimising the use of nature-based materials, such as wood.

This should mean that wood should be used as much as possible in carbon storing wood-based materials and products to substitute their carbon intensive and fossil-based counterparts, for example in buildings and furniture, especially within the framework of the implementation of the Renovation Wave Strategy, the co-creation of the New European Bauhaus and thus unlocking the full potential of the circular forest-based bioeconomy.

Finally, afforestation, reforestation, agroforestry and all other forestry related activities should be in line with the 3 Billion Tree Planting Pledge For 2030 Roadmap accompanying the New EU Forest Strategy. Indeed, afforestation, reforestation and agroforestry are prominent negative emissions solutions (i.e. removals) that can be deployed at large scale EU-wide that can also provide sustainably sourced raw materials for the deployment of the forest based circular bioeconomy given the expected rise in the demand for forest biomass.



**EUROPEAN PANEL FEDERATION**  
WOOD - BASED PANELS

## **2.17 Design, manufacture, remanufacture, and reselling of furniture**

Furniture made out from or with wood-based panels clearly substantially contributes to the transition to a circular economy by designing and producing furniture in a way that supports an extended lifespan through durability, reuse, refurbishment, repair and remanufacturing while using sustainably sourced and/or recycled raw materials. Indeed, biomass used for the manufacture of wood-based panels furniture complies with the sustainability requirements of the EU regulatory framework, namely: EU Forest Strategy, EU Forest Law Enforcement Governance and Trade, EU Timber Regulation, LULUCF Regulation, as applicable. This is to be applauded.

## **3.2 Electricity generation from bioenergy for protection and restoration of biodiversity and ecosystems**

As already mentioned under 1.3 'Forestry logging', it is essential to ensure full compliance with the enhanced sustainability criteria under the revised RED II and the ambitions of the New EU Forest Strategy for 2030. This will ensure that the cascading principle and the respect of the waste hierarchy is properly implemented for building a sustainable, circular and climate-neutral economy.

Therefore, the TSCs under the sustainable finance, ought to enforce full compliance for the construction and/or operation of the biomass for energy recovery installations with the identified criteria including that biomass is not sourced from whole trees, that biomass meets the definition of a waste or residue as defined in RED II, that biomass meets the minimum sustainability requirements for the relevant biomass type as specified in RED II, that biomass sourcing plans are duly respected and that compliance of the activity with the substantial contribution to climate change mitigation criteria and the DNSH criteria is verified.

Indeed, the transition to a forest-based circular bioeconomy requires a level playing in order to avoid raw materials market distortions and to safeguard the primary and secondary supply of biomass suitable for the manufacturing of carbon storing wood-based products with genuine circularity potential.

## **5.1 Construction of new buildings and major renovations of buildings for the transition to a circular economy**

While ensuring that a life cycle assessment of the entire building or of the renovation works has been calculated according to Level(s) and EN 15978, LCA methodology ought to acknowledge the benefit of embodied carbon both at product and building levels throughout the whole lifecycle. Indeed, such climate benefits should be quantified and incentivised by using the right tools and methodologies, especially Environmental Performance Declarations for construction products. This should allow consumers to make informed choices on the materials they select in the build environment, either for new builds or for renovation.

There is a need to move beyond mere energy performance metrics by introducing requirements to report and reduce the emissions of a building over the entire lifecycle, including manufacture, transport, construction, use and demolition. Establishing the



**EUROPEAN PANEL FEDERATION**  
WOOD - BASED PANELS

criteria for sustainable finance is a unique opportunity given the climate emergency, to educate the investors and consumers by presenting them with an accurate carbon accounting system that shows the benefits of carbon stored in nature-based materials such as wood in both new constructions and renovations for energy efficiency. Therefore, sustainable finance criteria should be aligned with the enhanced climate ambitions by rewarding carbon storage and substitution in the built environment.

To conclude, EPF believes that EU Taxonomy should foster the support for harvested wood products to promote a sustainable forest bioeconomy and the transition to a more nature-based circular economy that will help to extend the carbon lifecycle in wood products, thus benefitting our climate. It holds indeed a huge potential especially in the framework of the implementation of the 'Fit for 55' package, the implementation of the Bioeconomy Strategy, the Renovation Wave Strategy and the New European Bauhaus initiative to help turn the construction sector from a source of GhG emissions into a carbon sink, as specifically called for by EC President von der Leyen.

*EPF represents the manufacturers of wood-based panels being particleboard, dry process fibreboard (MDF), oriented strand board (OSB), hardboard, softboard and plywood. EPF has members in 32 European countries. The EU wood panel industry has a turnover of about 26 billion euro every year, creates over 100,000 jobs directly and counts more than 5,000 enterprises in Europe. The production of wood-based panels in the EU-27 (+EFTA) in 2020 was an estimated 58 million m<sup>3</sup>. [www.europanel.org](http://www.europanel.org)*

Ref: 2021- 032